A NEW LENS FOR UNDERSTANDING RURAL-URBAN INTEGRATION

Widely-shared economic prosperity in North Carolina is an essential goal of the North Carolina Department of Commerce and the Economic Development Board. Ensuring economic opportunity for all North Carolinians requires a detailed understanding of the relationships between geography, settlement patterns, and local economies across the state. Categorizing a county either as rural, urban, metropolitan, micropolitan or non-core, and the degree to which they are economically interdependent, not only affects policy decisions regarding the allocation of resources, but also helps to determine economic development strategies. Typically, economic researchers and policymakers rely on two federal agencies, the U.S. Census Bureau (Census) and the U.S. Office of Management and Budget (OMB), when defining geographic regions.

- U.S. Census Bureau separates the nation's geography into urban and rural areas based on population density.[1]
- U.S. Office of Management and Budget (OMB) labels the nation's counties based on their economic integration or interdependence with a metropolitan or micropolitan area.[2]

Recently, several scholars have raised concern regarding the definition and application of the terms rural, urban, metropolitan, micropolitan and non-core by policymakers for economic development purposes. One such scholar, Dr. Andrew M. Isserman, recently developed a new methodology that defines counties using more detailed definitions of urban and rural, while simultaneously considering a county's level of economic interdependence or integration with a metropolitan or micropolitan area. This issue is of increasing significance, as counties, cities, and towns in North Carolina continue to become more economically interdependent.

This paper applies Isserman's new methodology to analyze all 100 counties in North Carolina through a new economic development lens. Key findings include:

1. **Evidence of Rural Prosperity:** There are rural and mixed rural counties that outperform state averages on key economic indicators, revealing that less densely populated counties are not necessarily less prosperous.
2. **Integration Leads to Economic Prosperity:** A county's integration with a metropolitan/micropolitan area seems to lead to higher levels of economic prosperity.[3]
3. **Economic Interdependence with Metropolitan Areas is Significant:** Counties integrated with metropolitan areas outperform counties integrated with micropolitan areas or non-integrated counties.

RESEARCH BACKGROUND AND METHODOLOY

Academic scholars, including Dabson, Isserman, and Kubisch, along with the Brookings Institution, suggest that the current method of categorizing counties singularly as urban, rural, metropolitan, micropolitan, or non-core is inadequate, and may not characterize local communities at the appropriate level of detail. As noted previously, the Census separates the nation into urban and rural areas based on population density. Urban areas include a central city and the surrounding densely settled territory. Rural areas are defined as anything outside these regions. While Census definitions are meant to separate rural from urban, OMB labels counties based on their economic integration with a metropolitan or micropolitan area. Metropolitan and micropolitan areas are first created with, and are centered on, a county that contains a Census defined urban area. Metropolitan or micropolitan areas are then expanded to include all surrounding counties considered economically interdependent with this original, core county. Counties not classified as metropolitan or micropolitan are defined as non-core.[4] *See appendix Table A for detailed definitions of rural, urban, metropolitan, micropolitan or non-core.*

The Census definitions of rural and urban, and the OMB definitions of metropolitan and non-metropolitan, are fundamentally different and meant to capture various demographic and economic characteristics. Relying solely on one set

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[1] Isserman A., Feser E., and Warren, C. (2007). Why Some Rural Communities Prosper While Others Do Not. p. 2. U.S. Department of Agriculture, Office of Rural Development.

[2] OMB bases economic integration or interdependence on commuting patterns. A county is deemed economically dependent if the county under consideration is: a) 25% or more of its population commutes to work in a metropolitan or micropolitan county, or b) 25% of the employment in the county is made up of commuters from the micropolitan or metropolitan county.

[3] Economic prosperity is measured using the following indicators: unemployment rate, median household income, poverty rate, and dropout rate.

[4] Isserman A., Feser E., and Warren, C. (2007). Why Some Rural Communities Prosper While Others Do Not. p. 2. U.S. Department of Agriculture, Office of Rural Development.